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Board of Supervisors
The County of Orange, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of the County of Orange, California (County), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 13 to the general purpose financial statements, the County changed its method of accounting for deferred revenue for the Waste Management Enterprise Fund.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2000, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Macias, Gini & Company LLP

Certified Public Accountants

Los Angeles, California
November 30, 2000

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area